

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Nickerson Exchange to the
Carlton, Duluth, and Cloquet Exchanges

ISSUE DATE: April 5, 2006

DOCKET NO. P-407, 421/CP-06-27

ORDER DENYING PETITION AND
CLOSING DOCKET

PROCEDURAL HISTORY

On January 6, 2006, telephone subscribers in the Nickerson exchange filed a petition for extended area service (EAS) between their exchange and the Carlton, Duluth, and Cloquet exchanges. The Nickerson exchange is served by Citizens Telecommunications of Minnesota, LLC. (Citizens). The Carlton, Duluth, and Cloquet exchanges are served by Qwest Corporation.

On January 11, 2006, the Department of Commerce (the Department) asked Citizens to conduct and file traffic studies detailing monthly calling volumes from Nickerson to the Carlton, Duluth, and Cloquet exchanges.

On February 9, 2006, Citizens filed the requested traffic studies, detailing traffic volumes from Nickerson to the three petitioned exchanges from October 1, 2005 through January 31, 2006. Those traffic studies showed that calling volumes between Nickerson and the three petitioned exchanges did not meet the EAS threshold of three calls per month from at least 50% of the access lines in Nickerson.

On February 22, 2006, the Department filed comments stating that the petition failed traffic volume requirements and should be denied unless the Commission saw reason to revise or waive existing EAS requirements. The Department noted that the petition sponsor was concerned that the traffic studies might not accurately reflect the need for toll-free calling, since many Nickerson residents used calling cards or cell phones to reach the three petitioned exchanges. The Department noted that the traffic studies do reflect calling card traffic, but not cell phone traffic.

On February 29, 2006, the petition sponsor filed a letter asking the Commission to order the installation of extended area service despite low traffic volumes, on grounds that many Nickerson residents used calling cards, internet service, cellular service, and toll-free numbers to reach the three petitioned exchanges.

On March 23, 2006, the case came before the Commission.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Extended area service is a service arrangement permitting neighboring telephone exchanges to become a single local calling area with toll-free calling. The criteria for establishing EAS routes and the procedures for determining EAS costs were set by Commission Orders following an industry-wide fact-finding and policymaking proceeding.¹ Briefly, these criteria and procedures are as follows:

- (1) A petitioning exchange must be adjacent to the exchange or local calling area to which it seeks EAS.
- (2) At least 50% of subscribers in the petitioning exchange must make at least three calls per month to the exchange or local calling area to which EAS is sought.
- (3) The companies serving the two exchanges or local calling areas must determine the cost of installing and operating the proposed EAS route, using Commission-approved costing methods, and file proposed rate additives to recover these costs.
- (4) The Commission must poll subscribers in the petitioning exchange on whether they want EAS at the rates adopted by the Commission.
- (5) If a majority of the subscribers responding to the poll vote yes, the EAS route must be installed.

¹ In the Matter of an Investigation into the Appropriate Local Calling Scope, in Accordance with Minn. Stat. § 237.161, Docket No. P-999/CI-94-296, ORDER REACTIVATING THE PROCESSING OF EAS PETITIONS (October 24, 1995) and ORDER AFTER RECONSIDERATION (February 23, 1996).

II. Commission Action

The traffic studies filed in this case demonstrate that the petitioning exchange does not meet the requirement that at least 50% of its subscribers make three or more calls per month to the petitioned exchange.

This requirement is one of several EAS requirements established after an exhaustive, legislatively mandated, statewide fact-finding and policymaking proceeding, which included public hearings throughout the state. It reflects a careful balancing of the competing interests at play in every EAS proceeding – affordable rates versus expanded local calling areas, for example, and the differing needs of low-usage and high-usage subscribers.

This case does not compel reexamination of the decisions made in that proceeding. The purpose of EAS – at least as currently constituted – is to remedy situations in which a land-line exchange has outgrown its local calling area. The most straightforward and reliable indicator that this has happened is a substantial increase in land-line, long-distance calling from that exchange. Treating the use of land-line alternatives as evidence of the need to enhance land-line service is not only anomalous but raises policy issues regarding technology-neutral regulation that the Commission need not reach at this point.

Because this petition fails the traffic volume requirement it will be denied and the docket closed. The Commission will so order.

ORDER

1. The petition for extended area service between the Nickerson exchange and the Carlton, Duluth, and Cloquet exchanges is hereby denied.
2. This docket is hereby closed.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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